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POWELL TO ATTEND SEPTEMBER 13 U.N. MEETING ON IRAQ IN GENEVA

U.S. working with international community to broaden participation in Iraq

By Wendy S. Ross
Washington File Staff Writer

Washington -- Secretary of State Colin Powell will attend a September 13 meeting on Iraq in Geneva, Switzerland, with representatives of France, the United Kingdom, Russia and China, State Department Spokesman Richard Boucher announced September 9.

U.N. Secretary General Kofi Annan called the meeting of the representatives of the five permanent members of the U.N. Security Council, and will also attend.

Annan "wanted to get the group together for an informal discussion of Iraq," Boucher told reporters.

"The secretary-general felt it was good at this juncture, particularly with the General Assembly coming up" and the United States draft resolution on Iraq circulating among Security Council members, "to have a discussion with the Perm 5 and see if we can align the ideas a little bit more; get together not only in person, but get together conceptually on how to support the Iraqis," Boucher said.

"(I)t's a chance for the Perm 5 to get together and compare their ideas about how to move forward with Iraq, and talk a little about the resolution, and about the work the United Nations can do in Iraq, the vital role that they can play," Boucher said. "But above all,

it's a chance to talk about how the Iraqi people are taking control of their lives, taking control of their sovereignty," and how that process can be continued and accelerated with the help of the U.S.-led coalition and the United Nations.

Boucher pointed out that Iraqis now are running their own services, building their own security forces, delivering their own mail, and taking control of their own resources.

He said he expects the U.S. resolution on Iraq to be discussed at the Geneva meeting, but does not expect changes in the proposed text to be negotiated there.

Boucher also said the Bush administration welcomes the move by the Arab League to involve the Iraqi Governing Council in future Arab League proceedings.

"This demonstrates the growing acceptance of the Governing Council as representatives of the Iraqi people as Iraq moves forward to take over its own future and its own affairs," the State Department Spokesman said.

"There's also, we think, a growing acknowledgement that the Iraqi people, through the Governing Council and the ministers they've appointed, are taking more and more responsibility for their own resources," he said.

He pointed out that Iraqi Foreign Minister Hoshiyar Zebari is now in Cairo at the Arab League Conference. Secretary Powell spoke with him on September 8 to congratulate him on his new position, and discuss with him developments at the conference, Boucher said.

White House Press Secretary Scott McClellan said September 9 that "Iraq is critical to winning the war on terrorism. It is a central front in the war on terrorism. And a peaceful, secure, and democratic Iraq will help bring peace and stability to that important region in the world that will help us defeat terrorism."

The United States, he said, is "working closely with the international community to broaden participation from nations beyond the more than 30 that are already participating in Iraq, both in terms of helping with security and helping with financial assistance, because this is about the people of Iraq and the future for the people of Iraq."

Briefing reporters on Air Force One as President Bush traveled to Florida, McClellan said "a good portion" of the \$87 billion emergency spending request announced

September 7 by President Bush, "will go towards improving the infrastructure" in Iraq, that, in turn will provide more resources for the future of Iraq.

McClellan noted that administration officials, at a background briefing on Iraq at the White House September 8, predicted that Iraq will generate \$12 billion from its oil revenues in 2004 and then \$20 billion in each of the two following years, 2005 and 2006.

When a reporter said this amount is considerably less than the Bush administration had expected prior to the war with Iraq, McClellan responded that "the infrastructure we found in Iraq was worse than we expected."

"[B]ecause you had an oppressive regime that was not open to the rest of the world, there were things regarding the infrastructure we did not know, regarding the electrical system, regarding the sewage system, regarding the water supply," he said.

The Saddam Hussein regime, for thirty years, was more interested in building palaces and weapons of mass destruction than in helping the Iraqi people, McClellan said, adding that he was still confident that weapons of mass destruction will be found in Iraq.

And President Bush, in a September 9 speech in Jacksonville, Florida, said, "Our war on terror continues. The enemies of freedom are not idle, and neither are we. This country will not rest, we will not tire, we will not stop until this danger to civilization is removed."

Saddam Hussein's holdouts and foreign terrorists, he said, "are desperately trying to throw Iraq into chaos by attacking coalition forces and aid workers and innocent Iraqis.

"And there's a reason. They know that the advance of freedom in Iraq will be a major cause of defeat for terror. This collection of killers is trying to shape the will of the civilized world. They're challenging the resolve of the United States of America. This country will not be intimidated.

"We are aggressively striking the terrorists in Iraq, defeating them there so we will not have to face them in our own country. We're calling on other nations to help Iraq build a free country which will make us all more secure. We're standing with the Iraqi people as they assume more of their own defense and move toward self-government. These aren't easy tasks, but they're

essential tasks. And we will finish what we have begun. We will win this essential victory in the war on terror," Bush said.

"Our greatest security," the president added, "comes from the advance of human liberty -- because free nations do not support terror, free nations do not attack their neighbors, free nations do not threaten the world with weapons of mass terror. Americans believe that freedom is the deepest need and the deepest hope of every human heart. And I believe that freedom is the right of every person and the future of every nation."

USTR ZOELICK URGES COUNTRIES NOT TO DERAIL WTO TALKS OVER TEXTS

U.S. talks with African countries about expanding cotton trade

By Bruce Odessey
Washington File Staff Writer

Cancun, Mexico -- U.S. Trade Representative Robert Zoellick says trade ministers meeting to advance World Trade Organization (WTO) negotiations should work from the text submitted by the General Council chairman even though all members, including the United States, dislike parts of it.

At a September 9 press conference in Cancun the day before the ministerial meeting is scheduled to start, Zoellick opposed any attempt by countries to submit rival texts, including an agriculture proposal prepared by G-20 developing countries led by India, China and Brazil.

He said the chairman's text reflects the wide divisions over agriculture and other issues and does not pretend to be a consensus document.

"While we're not totally happy with that paper, we're going to work off it," Zoellick said, "and we urge all countries to work off it because, if we don't, I don't know what we'll work off of."

He described the challenge of achieving consensus on so many issues by so many member countries facing such different economic and political conditions. The ministers meeting in Cancun are at the mid-point between the launch of the negotiations in 2001 and the scheduled

conclusion by the end of 2004. They are trying to agree on the guidance their negotiators need to conclude their work.

"The pace of progress so far is roughly what I would expect because this is a step-by-step process," Zoellick said. "In the WTO there are no big leaps as you would expect if you have to bring 148 countries around to a consensus."

He said again that the United States wants the negotiations to achieve ambitious results in opening markets in agriculture, industrial goods and services and complete the negotiations on schedule -- in just over three years, as compared with the eight years required for the 1986-1994 Uruguay Round.

The services negotiations already have an agreed framework. If ministers can achieve a negotiating framework for agriculture and industrial goods, Zoellick said, then more countries should come forward with offers on services.

He declined to predict whether trade ministers would have to meet again between the Cancun meeting and the end of the negotiations. He did say that somehow the parties will have to agree by early 2004 on setting uniform deadlines for all parts of the negotiation -- as of now some deadlines fall earlier than others.

Zoellick described a meeting he held with ministers from Benin, Burkina Faso, Chad and Mali -- countries that are proposing elimination of cotton subsidies by the wealthier cotton-producing countries including the United States.

He said he suggested a partial solution for those developing countries heavily dependent on cotton production: a sectoral initiative that addressed trade distortions not only in cotton but also in man-made fibers, and not only in textiles but also in clothing.

The aim should be to reduce subsidies and tariffs on cotton, and to help those developing country producers to become more competitive in other ways, Zoellick said. One way, he said, would be for countries outside the United States to buy more cotton from the four countries as textile quotas are eliminated by 2005 under existing Uruguay Round obligations. The United States imports more than 80 percent of its cotton garments, Zoellick added.

U.S. ANNOUNCES NEW WTO GRANT FOR CAPACITY BUILDING

USTR reports U.S. spent \$752 million over year for such assistance

The United States is spending an additional \$1.2 million for programs aimed at helping developing countries build the capacity to participate in World Trade Organization (WTO) negotiations, bringing total U.S. spending on capacity building assistance in the current fiscal year to \$752 million, the Office of the U.S. Trade Representative (USTR) says.

In a September 9 press release, USTR said the new spending follows a \$1 million contribution for WTO-related assistance made earlier in 2003. The release was issued from Cancun, Mexico, where trade ministers are gathering for a meeting aimed at guiding the WTO negotiations to successful conclusion in 2004.

One part of the new money will go to the WTO's technical assistance plan developed when the negotiations were launched in Doha, Qatar, in 2001.

Another part will go to the Integrated Framework, a mechanism for coordinating the work of six multilateral agencies with 49 least-developed countries. The goal is for those countries to integrate trade into their development strategies.

Another part of the money will go to the International Trade Center, a group that helps both developing countries and countries in transition expand exports and improve import operations.

Overall, U.S. regional funding of trade capacity building in 2003 totaled \$174 million in the Middle East and North Africa; \$150 million in Latin America and the Caribbean; \$133 million in sub-Saharan Africa; \$92 million in Asia; \$84 million in the former Soviet Republics; \$65 million in Central and Eastern Europe; and \$53 million for non-targeted global projects.

Following is the text of the press release:

United States Issues Report on \$750 Million in Global Trade Capacity Building Aid

With Additional \$1.2 Million, U.S. Doubles WTO Trade-Related Technical Assistance

CANCUN, MEXICO --- The United States today issued a summary report of the approximately \$750 million in trade capacity building assistance it has provided this year. "U.S. Contributions to Trade Capacity Building: Improving Lives through Trade and Aid," available online at www.ustr.gov, outlines U.S. programs across 35 categories that help developing countries make the most of open global markets.

In conjunction with the report, U.S. Trade Representative Robert B. Zoellick announced an additional \$1.2 million for trade-related technical assistance (TRTA) to the World Trade Organization (WTO). This new multilateral contribution augments \$1 million given earlier this year, bringing total U.S. TRTA for the Doha Development Agenda to \$3 million since the launch of negotiations in November 2001.

"The \$1.2 million announced today doubles the U.S. contribution to the WTO and bolsters our efforts in Geneva to focus on three priorities: trade-related technical assistance, the Integrated Framework, and the International Trade Centre," said Zoellick. "These U.S. trade capacity building efforts stem from the conviction that trade and globalization are critical to the growth of developing and developed countries alike."

"Trade capacity building stands at the nexus of trade and development," added Zoellick. "All nations gain when developing countries are able to harness the power of trade and openness to boost economic growth and accelerate poverty reduction. The United States is committed to more than just negotiating open markets. In partnership with developing countries, we are crafting practical solutions that enable them to actively participate in -- and benefit more fully from -- the global trading system."

A portion of the new trade capacity building assistance announced today is a \$200,000 grant by the U.S. Agency for International Development (USAID) to the Integrated Framework Trust Fund. USAID will work with the International Trade Centre to ensure that developing and transition countries have access to market analysis tools and training courses on trade in services.

Background

The United States is the largest single country donor of trade capacity building assistance. Total U.S. funding for trade capacity building activities was \$752 million in FY [fiscal year] 2003, up from \$638 million in 2002

-- nearly an 18 percent increase. Regional funding in 2003 totaled \$174 million in the Middle East and North Africa; \$150 million in Latin America and the Caribbean; \$133 million in sub-Saharan Africa; \$92 million in Asia; \$84 million in the former Soviet Republics; \$65 million in Central and Eastern Europe; and \$53 million for non-targeted global projects. For more information, see www.ustr.gov.

WTO Trade-Related Technical Assistance: Since the Doha Ministerial Meeting, the WTO has developed an annual technical assistance plan specifically related to the Doha negotiations and WTO agreements.

The Integrated Framework (IF): The IF is the mechanism for coordinating the work of six multilateral agencies to integrate trade into the development strategies of the Least-Developed Countries (LDCs) -- a group identified by the United Nations as the world's 49 most economically disadvantaged countries. The World Bank has completed pilot Diagnostic Trade Integration Studies (DTIS) -- in-depth needs assessments -- for Cambodia, Lesotho, Madagascar, Mauritania, Malawi, Senegal and Yemen. Additional DTISs are currently scheduled for Burundi, Djibouti, Eritrea, Ethiopia, Guinea, Mali and Nepal. Twelve other LDCs have requested to participate in the IF process, and their requests are being evaluated according to criteria agreed by the IF Steering Committee. USAID provides assistance supporting the efforts of the LDCs under the IF.

The International Trade Centre: The International Trade Centre works with developing countries and economies in transition to establish effective trade promotion programs for expanding exports and improving import operations, including in the area of services. USAID has previously formed an alliance with the International Trade Centre to make the TradeMap Interactive Database available to public and private sector users in the developing world. ITC's TradeMap provides information on trade flows and nontariff barriers and enables a country to analyze its competitiveness in world markets.

NEWLY REDESIGNED \$20 BILL TO BEGIN CIRCULATION OCTOBER 9

Safer, smarter, more secure note

The new, redesigned U.S. \$20 bill with upgraded background colors and improved security features will begin circulating October 9, the Bureau of Engraving and Printing in the Treasury Department has announced.

The Federal Reserve System will begin distributing the new notes to the public through the nation's commercial banks on that day, the bureau said in a September 9 press release.

In May, the U.S. government launched a worldwide public education program when the new \$20 bill design was first introduced.

The United States plans to introduce new designs for the its currency every 7 to 10 years to stay ahead of currency counterfeiters, the bureau says.

Following is the text of the press release:

U.S. Bureau of Engraving and Printing Department of the Treasury and Federal Reserve System Announce Date of Issue for Series 2004 \$20 Note September 9, 2003

Safer, Smarter, More Secure \$20 Note To Begin Circulating October 9

Businesses Prepare Employees and Vending Machines For "The New Color of Money"

Washington, DC -- September 9, 2003 -- The first newly redesigned Series 2004 \$20 notes, featuring background colors and improved security features, will be issued October 9, the U.S. government announced today. On the day of issue, the Federal Reserve System will begin distributing the new notes to the public through the nation's commercial banks.

"This is the most secure note the U.S. government has ever produced," said Federal Reserve Board Governor Mark W. Olson. "Its enhanced security will help ensure that our currency continues to represent value, trust and confidence to people all over the world. It will co-circulate with older-design notes, and the public can rest assured that all U.S. notes will continue to be legal tender."

The U.S. government launched a worldwide public education program last May when the new \$20 design was unveiled, to create awareness among the general public and to help banks and businesses prepare for the new \$20 note. A wealth of training and informational materials, highlighted by an interactive demonstration of the bill's security features, is available to download or order through www.moneyfactory.com/newmoney. Since the Treasury's Bureau of Engraving and Printing (BEP) began taking orders last May, more than 7,500 businesses and organizations have ordered training materials.

Today's announcement of the October 9 day of issue will signal to banks and businesses that they should make final preparations for the new notes.

"Our aim is the seamless introduction of the newly redesigned bills," said BEP Director Tom Ferguson. "To that end, the Bureau of Engraving and Printing has been working with the vending machine industry for over a year to ensure that they have the information they need to make their equipment compatible with the newly redesigned bill by the time it enters circulation on October 9. Additionally, we have been working with businesses and industry associations across the country to provide them with the materials they need to educate their employees on the new \$20 note and its updated security features."

Counterfeiting: Increasingly Digital

To stay ahead of counterfeiters, the U.S. government plans on introducing new currency designs every 7-10 years. The new design for the \$20 note will be followed by new designs for the \$50 and \$100 notes over the next few years. Redesign of the \$5 and \$10 notes is under consideration, but there are no plans to redesign the \$1 and \$2 notes.

Counterfeiters are increasingly turning to digital methods, as advances in technology make digital counterfeiting of currency easier and cheaper. In 1995, for example, less than 1 percent of counterfeit notes detected in the U.S. was digitally produced. By 2002, that number had grown to nearly 40 percent, according to the U.S. Secret Service.

Yet despite the efforts of counterfeiters, U.S. currency counterfeiting has been kept at low levels, with current estimates putting the level of counterfeit notes in circulation worldwide at about 1-2 notes in every 10,000 genuine notes.

Security Features

The new \$20 design retains three important security features that were first introduced in the late 1990s and are easy for consumers and merchants alike to check:

-- The watermark -- the faint image similar to the large portrait, which is part of the paper itself and is visible from both sides when held up to the light.

-- The security thread -- also visible from both sides when held up to the light, this vertical strip of plastic is embedded in the paper. "USA TWENTY" and a small ag are visible along the thread.

-- The color-shifting ink -- the numeral "20" in the lower-right corner on the face of the note changes from copper to green when the note is tilted. The color shift is more dramatic and easier to see on the new-design notes.

Because these features are difficult for counterfeiters to reproduce well, they often do not try. Counterfeiters are hoping that cash-handlers and the public will not check their money closely.

The New Color of Money

The most noticeable difference in the notes is the subtle green, peach and blue colors featured in the background. Different colors will be used for different denominations, which will help everyone -- particularly those who are visually impaired -- to tell denominations apart.

While consumers should not use color to check the authenticity of their currency (relying instead on the user-friendly security features noted above), color does add complexity to the note, making counterfeiting more difficult.

The new bills are the same size and use the same, although enhanced, portrait of Andrew Jackson on the face of the note and historical vignette of the White House on the back. The redesign also features symbols of freedom -- a blue eagle in the background to the left of the portrait, and a metallic green eagle and shield to the right of the portrait in the case of the \$20 note.